



# **Directives regarding Treasury Management**

## **LEX 5.7.3**

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*The Direction de l'Ecole polytechnique fédérale de Lausanne,*

based on Art. 35a<sup>quater</sup> of the ETH Act of 4<sup>th</sup> October 1991<sup>1</sup>,  
based on the *Convention de trésorerie entre AFF et CEPF* of 1<sup>st</sup> August 2021 (hereinafter “Treasury Agreement”),  
based on Chapters 3 and 4 of the *Directives de placement du Conseil des EPF* of 1<sup>st</sup> August 2021 (hereinafter “Investment Directives”),  
based on Art. 54 of LEX 5.1.1, EPFL Financial Regulations,

*hereby adopts the following:*

## **Chapter 1      General provisions**

### **Article 1      Objectives and scope of application**

<sup>1</sup> The present directives regarding treasury management are intended to:

- a. Define the principles of treasury management at EPFL;
- b. Describe the bodies and functions involved in the procedures related to treasury management as well as the roles and responsibilities.

<sup>2</sup> The present directive applies to all treasury management activities, including those within the framework of mandates entrusted to third parties.

## **Chapter 2      Principles of treasury management activities**

Treasury management activities include cash management and asset management.

### **Section 1      Cash management**

#### **Article 2      Cash management<sup>2</sup>**

Cash management consists of:

- a. evaluating and providing the means to guarantee payment capacity;
- b. allocating the cash available in order to reduce penalties or costs;
- c. respecting the provisions of the Treasury Agreement, including in particular the tracking of direct funds<sup>3</sup>, indirect funds<sup>4</sup> and other funds<sup>5</sup>;
- d. investing available cash at the best short-term yield (less than or equal to a year).

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<sup>1</sup> [RS 414.110](#)

<sup>2</sup> The management and the monitoring of cash inflow and outflow arising from current operations do not fall under the direct responsibility of the Treasury, but of Debtor Accounting and Accounts Payable, respectively.

<sup>3</sup> Direct funds: in the sense of the Treasury Agreement, direct funding from the Confederation.

<sup>4</sup> Indirect funds: in the sense of the Treasury Agreement, indirect funding from the Confederation (SNSF, European Commission, etc.).

<sup>5</sup> Other funds: in the sense of the Treasury Agreement, funding which is neither direct nor indirect funding from the Confederation.

**Article 3      Currency management**

<sup>1</sup> The aim of currency management is to reduce risks related to exchange rates. “Natural hedge”<sup>6</sup> shall be favoured whenever possible.

<sup>2</sup> The practice of “market timing”<sup>7</sup> is prohibited.

<sup>3</sup> Accounts held with financial partners may only be in CHF, EUR or USD. Transactions in other currencies are made through accounts in CHF.

**Article 4      Relations with financial partners**

The VPF: PLAN/Treasury service manages relations with financial partners, in particular banks, online payment platforms, financial services providers, external experts and asset managers.

**Section 2      Asset management****Article 5      General provisions**

<sup>1</sup> Asset management includes the management and investment of long-term funds (> one year).

<sup>2</sup> The Investment Directives specify the strategic allocation, the authorized asset classes, the selection of and relationship with asset managers, as well as the requirements for monitoring and overseeing management mandates.

<sup>3</sup> Participation in a ‘pool’ of investors is possible provided that EPFL remains in charge of its own decisions.

<sup>4</sup> Within the framework of asset management, EPFL can finance temporary cash flow needs via available cash provided they can be reimbursed with future years’ budgets within the financial plan.

<sup>5</sup> Upon the proposal of the Vice President for Finances, the Direction appoints and revokes the members of the investment committee, validates the **investment strategy**, as well as any temporary use of available cash.

**Chapter 3                      Duties, competencies, roles and responsibilities****Section 1      Internal roles****Article 6      Vice President for Finances**

According to the competencies defined in the *Ordonnance sur l’organisation de l’EPFL*, within the context of the present provisions, the Vice President for Finances adopts the following duties, competencies, roles and responsibilities, of which he/she may delegate all or part. Any delegation shall be set out in a separate document.

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<sup>6</sup> Natural hedge: situation in which the revenue in a currency is equal to the spending in this same currency. Risk is thereby naturally mitigated.

<sup>7</sup> Market timing: attempt to predict market direction, using technical indicators or economic data.

- a. He/She gives his/her approval for the share of cash managed in the short-term (cash management) and in the long-term (asset management) suggested by the Head of the Planning and Treasury service (PLAN);
- b. He/She suggests the composition of the Investment Committee to the Direction and acts as Chair for the Committee;
- c. He/She suggests the asset management strategy (investments and temporary use of available cash) to the Direction, who gives its approval for the strategy;
- d. He/She informs the Direction at least once a year of the cash situation and its development (cash flow and asset management).

**Article 7      Head of the PLAN service**

Within the context of treasury management, the Head of the PLAN service has the following duties, competencies, roles and responsibilities:

- a. He/She is responsible for the planning, controlling and optimisation of cash flow.
- b. He/She suggests to the Vice President for Finances the share of cash managed in the short-term and in the long-term.
- c. He/She prepares the propositions for temporary use of cash for the attention of the Direction and is responsible for its implementation.

**Article 8      Head of treasury management**

The Head of treasury management supports the Head of the PLAN service in the activities described above. In addition, he/she assumes the following responsibilities:

- a. He/She analyses the evolution of cash flow and suggests necessary measures for its optimisation depending on market opportunities;
- b. He/She prepares a weekly cash management situation as well as a medium- and long-term cash flow plan;
- c. He/She ensures respect of the regulations and directives related to treasury management;
- d. He/She determines the currency exposure resulting from operational activities and suggests, as necessary, measures to minimise exchange risks;
- e. He/She ensures respect of the provisions provided for in the asset management mandate and comments on any possible differences between the portfolio's performance and the expected performance;
- f. He/She prepares the meetings of the Investment Committee and manages the secretariat's activities;
- g. He/She is responsible for the relationship with asset manager/s and the central securities depository;
- h. He/She monitors the development of the reserve for value at risk according to the principles laid out in the Investment Directives;
- i. He/She prepares the reporting related to treasury management for the attention of the VPF;
- j. He/She conducts technical and business-intelligence monitoring on the services and financial tools available on the market.

**Article 9 Investment Committee**<sup>1</sup> Roles and responsibilities:

Within the context of asset management, the Investment Committee adopts the following duties, competencies and responsibilities.

- a. It acts as advisor to the Vice President for Finances in setting up the strategic allocation of investments;
- b. It delegates to the relevant persons the implementation and follow-up of measures to achieve the strategic allocation and monitors compliance with the strategic allocation;
- c. It decides on the partner banks, asset managers and other external partners (e.g. external advisors and central securities depository) with which EPFL intends to work;
- d. It monitors the activity of asset managers, analyses the performance of portfolios, and where necessary, determines corrective measures.

<sup>2</sup> Composition of the Committee and mandate period:

- The Investment Committee is made up of 3 to 5 members;
- The members of the Investment Committee are appointed or revoked by the Direction upon proposal of the Vice President for Finances;
- An external expert may be invited to meetings of the Investment Committee in an advisory capacity.

<sup>3</sup> Organisation:

- e. The Investment Committee meets as often as is necessary, but at least once a year or by specific request from one of its members;
- f. The notice of the meeting, the agenda and the documentation are sent to Committee members 10 days prior to the meeting;
- g. Meeting minutes shall be kept of the Committee's decisions;
- h. Exceptionally, consultations and decisions may be taken through the issuance of a circular letter, unless one of the Committee member objects.

**Section 2 External roles****Article 10 Independent expert**

EPFL may mandate an external expert for:

- a. Advising the VPF in the implementation of the investment strategy;
- b. Monitoring the investment activities;
- c. Carrying out auditing tasks related to compliance with the mandate provisions for asset managers.

**Article 11 Asset manager**

<sup>1</sup> The asset manager is responsible for managing a portfolio depending on a clearly defined management mandate based on the Investment Directives.

<sup>2</sup> The asset manager draws up a quarterly report on the performance of the portfolio under his/her management. Where necessary, he/she will provide supplementary information orally to the Investment Committee.

## **Chapter 4                      Reporting**

### **Article 12    Reporting to the Direction**

<sup>1</sup> The Vice President for Finances submits an activity report to the EPFL Direction once per year;

<sup>2</sup> This activity report contains a summary of the cash flow situation, the temporary use of cash and the performance of investments;

<sup>3</sup> The other reporting obligations are listed in the Treasury Agreement and the Investment Directives.

## **Chapter 5                      Entry into force**

### **Article 13    Entry into force**

The present directives, which entered into force on 14<sup>th</sup> June 2010, were revised on 1<sup>st</sup> January 2021, version 1.3, and on 22<sup>nd</sup> November 2021, version 2.0.

On behalf of the EPFL Direction:

President  
Martin Vetterli

Director of Legal Affairs  
Françoise Chardonnens